

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Investigation into
Implementation of Assembly Bill 970 Regarding
the Identification of Electric Transmission and
Distribution Constraints, Actions to Resolve
Those Constraints, and Related Matters Affecting
the Reliability of Electric Supply.

Investigation 00-11-001
(Filed November 2, 2000)

**ADMINISTRATIVE LAW JUDGE'S RULING SETTING PREHEARING
CONFERENCE REGARDING TRANSMISSION COSTS FOR
RENEWABLE PORTFOLIO STANDARD BIDS**

I. Summary

A prehearing conference (PHC) will be held on March 1, 2004, to discuss the development of transmission costs for inclusion in Renewable Portfolio Standard (RPS) bids, as provided in Decision (D.) 03-06-071, the Commission's order initiating implementation of the RPS program.

II. Developing Transmission Costs for RPS Bids

D.03-06-071 established policies regarding the inclusion of transmission costs in RPS bids, and referred implementation of these policies to this Order Instituting Investigation (OII) proceeding. D.03-06-071 (*mimeo.*, at 34-35, footnotes omitted) provided as follows:

- (2) Transmission costs will be assessed using the most appropriate process of those available, depending primarily upon whether the project is in the ISO [Independent System Operator] development queue;

- a. Direct Assignment facilities are included the MPR [market price referent], and therefore need to be included in the bid.
- b. Network facilities: For bidders already in the ISO Queue, the standard ISO System Integration Study (SIS) and Facility Study (FS) will yield sound estimates of network facility costs.
- c. Otherwise, for bidders not in the ISO queue with completed cost estimates (i.e., the SIS and FS), PG&E [Pacific Gas and Electric Company] proposes an annual transmission plan that is a workable alternative. PG&E's proposal is a reasonable starting point for the utilities to prepare their plans, although we do modify PG&E's proposal to improve its linkage with our Transmission OII (I.00-11-001).
- d. Each proposed developer provides basic interconnection information to the transmission OII, to be defined in that proceeding.
- e. Utilities develop a proxy bid price using approved methods, as described in PG&E's Transmission Least Cost and Best Fit Appendix A (Ex. RPS -7).
 - i. Taking the interconnection information submitted by the bidder into the transmission OII, the utility will prepare an annual cost assessment plan to be made available at least 90 days prior to that year's RPS solicitation.
 - ii. In the transmission OII, each utility will specify what information it requires of developers to perform this assessment, and the OII will standardize the approach. The OII will also be the forum in which renewable developers will have the opportunity to dispute the results of these cost assessments.

III. PHC

A PHC will be held at 1:00 p.m. on March 1, 2004, in the Commission Courtroom, State Office Building, 505 Van Ness Avenue, San Francisco, California. The purpose of the PHC is to gather input from parties on the best way to proceed and to set a schedule for development of transmission costs for RPS bids.¹

I instruct PG&E to file and serve on all parties in I.00-11-001 its proposal for an annual transmission plan, as referenced in D.03-06-071 (*mimeo.*, at 35, Item 2(c) and footnote 28), no later than February 17, 2004. This report will serve as the starting point for the development of transmission bid adders for projects not in the ISO queue, as directed by D.03-06-071.

PG&E, Southern California Edison Company (SCE), and San Diego Gas & Electric Company (SDG&E) shall, and other parties may, file PHC statements no later than February 26, 2004. It would be helpful for the PHC statements to address the following:

- Consistent with 2(a) and 2(b) above, how the costs of direct assignment facilities and, for bidders already in the ISO queue, network facilities should be reflected in RPS bids.
- In accordance with 2(d) above, the elements of interconnection information that are needed to allow the development of transmission costs in RPS bids.
- Using PG&E's proposal for an annual transmission plan as the starting point, how this methodology should be altered and implemented to best develop workable transmission costs for projects not in the ISO queue.

¹ D.03-06-071 states (*mimeo.*, at 36) that I.00-11-001 will address the financing of new network facilities. This issue will be considered separately.

- How disputes between the utility and project developer regarding transmission costs should be considered and resolved.

- Proposed procedural schedules for developing transmission costs for an RPS solicitation. Should an interim approach be used to allow the first RPS solicitation to proceed more expeditiously, with a permanent methodology for determination of transmission costs to be developed for subsequent solicitations?
- Any other substantive issues that parties believe should be within the scope of this inquiry.
- Any other procedural issues.

While PG&E's annual transmission plan proposal and parties' PHC statements must be filed with the Docket Office in paper form, they may be served on the service list in electronic form, pursuant to Rule 2.3(b) in the Commission Rules of Practice and Procedure. Paper format copies, in addition to electronic copies if made available, should be served on the Assigned Commissioner and the assigned Administrative Law Judge, anyone on the Appearance and State Service portions of the service list who does not have a valid e-mail address, and any other party requesting paper format copy. If PG&E serves its annual transmission plan proposal electronically, or if a party serves its PHC statement electronically, it should e-mail courtesy copies to the entire service list, including those appearing on the list as "Information Only." Parties filing PHC statements should bring 15 extra copies to the PHC. Parties are encouraged to meet and confer prior to the PHC and to file joint statements to the extent feasible.

Parties were given advance electronic notice of this ruling.

Therefore, **IT IS RULED** that:

1. The Commission will hold a prehearing conference (PHC) at 1:00 p.m. on March 1, 2004, in the Commission Courtroom, State Office Building, 505 Van Ness Avenue, San Francisco, California.

2. Pacific Gas and Electric Company (PG&E) shall file and serve on all parties in Investigation 00-11-001 its annual transmission plan proposal, as referenced in Decision 03-06-071 (*mimeo.*, at 35), no later than February 17, 2004.

3. PG&E, Southern California Edison Company, and San Diego Gas & Electric Company shall, and other parties may, file PHC statements, as more fully set forth above, no later than February 26, 2004. Parties shall serve these statements on the service list, as well as on the Assigned Commissioner and assigned Administrative Law Judge, and shall bring 15 extra copies of their PHC statements to the PHC.

Dated February 17, 2004, at San Francisco, California.

/s/ CHARLOTTE F. TERKEURST

Charlotte F. TerKeurst
Administrative Law Judge

CERTIFICATE OF SERVICE

I certify that I have by mail, and by electronic mail to the parties to which an electronic mail address has been provided, this day served a true copy of the original attached Administrative Law Judge's Ruling Setting Prehearing Conference Regarding Transmission Costs for Renewable Portfolio Standard Bids on all parties of record in this proceeding or their attorneys of record.

Dated February 17, 2004, at San Francisco, California.

/s/ JANET V. ALVIAR

Janet V. Alviar

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to ensure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

The Commission's policy is to schedule hearings (meetings, workshops, etc.) in locations that are accessible to people with disabilities. To verify that a particular location is accessible, call: Calendar Clerk (415) 703-1203.

If specialized accommodations for the disabled are needed, e.g., sign language interpreters, those making the arrangements must call the Public Advisor at (415) 703-2074, TTY 1-866-836-7825 or (415) 703-5282 at least three working days in advance of the event.